



Solutions Table Meeting Notes

May 30, 2019, Quilcene WA

The Solutions Table met for the seventh time on May 30, 2019, in Quilcene, Washington. All members were present and participated, except for Dan Cothren (Wahkiakum County Commissioner), Travis Joseph (AFRC), and Lisa Remlinger (Washington Environmental Council - WEC). Tom Bugert (Senior Strategic Advisor, Office of the Commissioner of Public Lands) and Lenny Young (Executive Policy Advisor) were also present. Agenda items included the following.

- Review and approval of minutes
- Extended absences of Solutions Table members
- Reflections and regrouping
- Public comment
- Reflections on the DNR papers
- Moving forward
- Public comment

Representative Mike Chapman (District 24) provided introductory remarks and thanked everyone for their work. Representative Chapman indicated that the district had some wins during the 2019 legislative session, such as the extension of the Business and Occupation Tax rate on certain timber industry operations, and highlighted that preventing wildfire, including on private lands, remains a key priority for the district. He again thanked Solutions Table members for their work and offered any assistance he could provide.

The Solutions Table began with reflections from members on their work to date. There was a recognition that there was a lapse in time since the last meeting. Members reaffirmed their commitment and willingness to working together on solutions that address shared needs in protecting marbled murrelets and creating more timber-related jobs in rural communities and revenues for beneficiaries. Commissioner Franz highlighted that the pause allowed the DNR team to dive deeper into some of the ideas discussed by the Solutions Table in previous meetings and prepare more detailed content and ideas to support constructive discussions.

Some members also offered a few reflections on the 2019 legislative session, which they thought brought some major wins for conservation issues including the dedicated funding for wildfire suppression, but observed that the legislative session had also created some tension between

Solutions Table members. Solutions Table members acknowledged that the legislative process can be divisive and expressed hope that any lingering tensions could be put behind them.

Review and Approval of Minutes

The minutes from the last three Solutions Table meetings (10-2018, 11-2018, 12-2018) were reviewed and approved, with an amendment to the October minutes to rectify that Paul Jewell was not part of the of the Ellsworth Creek Preserve tour. The minutes will be updated accordingly and posted on the DNR public website.

Extended or Repeated Absences of Solutions Table Members

The Solutions Table discussed the possibility of having temporary alternates in case of extended absences from members, to maintain the diverse representation at the table. Members emphasized that they believe alternates should be rare and the exception – the strong preference is to continue working to develop the understanding and relationships that will form a foundation for Solutions Table members to work together. After discussion, the Solutions Table agreed with having an alternate provided that the alternate is familiar with the Solutions Table (e.g., has been in regular attendance at the meetings) and knowledgeable about the issues under discussion, and the need for an alternate is identified in advance.

The Solutions Table agreed that members who anticipate an extended or repeated absence should notify DNR and Elizabeth McManus (Ross Strategic) to identify a suitable temporary substitute or alternate that could represent them. Members also approved Matt Comisky (AFRC) to attend Solutions Table meetings when Travis Joseph is not available and Miguel Pérez-Gibson (WEC) to attend the Solutions Table meetings while Lisa Remlinger (WEC) is on sabbatical.

Reflections and Regrouping

The Solutions Table offered some thoughts on their individual goals for participation and key areas of interest moving forward.

Commissioner Franz began by appreciating the various conversations she had with Solutions Table members since the December 2018 meeting. She thanked them for their openness and transparency in bringing forward their perspectives and for their continued work towards the Solutions Table's objectives. Solutions Table members each reiterated the importance of meaningful progress to their communities and constituencies and affirmed their continued interest in working together to deepen understanding and find common ground.

Specific comments included the following.

- Maintaining jobs in the context of a declining log export market remains a challenge, particularly for ports. Diversification strategies should be pursued to address this issue.
- The Nature Conservancy held a public meeting to explore the concept of creating a community forest on the West End of Jefferson and Clallam Counties. One option

considered is land purchase with revenues to be used for infrastructure projects. One member suggested inviting experts on community forests to a future Solutions Table meeting to learn more about their work.

- County revenues, particularly in the rural areas, are in continuing decline. Counties need stable sources of revenue to support essential services.
- Revenues from trust lands play a key role in supporting local communities. Much of the trust land revenues go into school upgrades and student education.
- Working toward healthy functioning ecosystems is crucial, including protecting marbled murrelets and maintaining jobs and revenues.

Public Comment

Three members of the public offered comments. Greg Brotherton, the Jefferson County Commissioner for District 3, highlighted the importance of protecting forests, including pre-empting wildfires, especially as forest trust lands ensure beneficiary revenues and support local schools and junior taxing districts. A second commenter provided similar remarks and emphasized the role of forests for local economies. A third commenter indicated that projections show overall reductions in timber harvest, which will have an impact on local communities' revenues, and urged the Solutions Table and DNR to address these issues. The commenter also noted that Solutions Table minutes from previous meetings and the legislative report should be published on the DNR website. (Note: the legislative report was available on the public website at the time; Solutions Table minutes were approved at the May 30 meeting and have since been posted.)

Reflections on the DNR Papers

In response to previous Solutions Table discussion and ideas generated at past Solutions Table meetings, DNR prepared a series of discussion papers to support the table in exploring potential solutions. The Solutions Table discussed ideas that seemed to them to present the most interesting and compelling opportunities for solutions based on their past discussions, current perspectives, and the DNR issue papers. The Solutions Table discussed focusing on shared opportunities that, when taken together, could bring multiple wins for the three caucuses. The objective is to work towards a package of proposals by September 2019. The key discussion highlights below reflect the main areas of work recommended by members and the initial next steps identified at the meeting.

1. Portfolio Management

The Solutions Table recommended looking at potential opportunities to improve the DNR land portfolio and particularly at:

- a) Lands that could perform better through either existing uses or through repurposing and/or leveraging different, higher value, uses (e.g., moving from grazing to green energy leases).

- b) Underperforming lands that could be sold to allow for other more productive land acquisitions that align with the current DNR and Solutions Table objectives.

The Solutions Table recognized that this effort would most likely require some legislative changes, and potentially constitutional changes, to allow for more flexibility for asset acquisition. Members were open to discussion of these changes but cautioned that they should only be discussed in the context of a full understanding of why the provisions at issue were established in the first place and with care to avoid unintended consequences. Timing for any land transfers will be important – so that trust revenue does not suffer while new assets are acquired.

DNR indicated that its Trust Land Performance Assessment project is currently looking to identify potential ways to optimize the state's trust land asset portfolio and inform future investments. As part of this project, DNR will also look at diversifying/exploring potential new business lines as a way to generate intergenerational revenue, protect from market volatility, and create more predictability. The legislative deadline for this effort is June 2020. The Solutions Table was interested in learning more about this effort. A specific briefing on this project could be provided at a future Solutions Table meeting. DNR also mentioned that it is currently conducting an analysis of the potential constitutional barriers and opportunities to more optimal portfolio management. DNR expects that results of this analysis will be available by end of 2019. One member also expressed interest in learning more about the flexibility that might exist to use the permanent fund to hold land sale proceeds temporarily until new lands can be identified for subsequent purchase.

Initial next steps include:

- Brian Sims (WSSDA) will send his questions on the use of the permanent fund to DNR, for review by the AG's office.
- Brian Sims will write up what he sees as the challenges to modern portfolio management and how those challenges might be overcome, including thoughts on a potential constitutional amendment.
- DNR will provide an update on the Trust Land Performance Assessment work.

2. Acquisition of New Lands

In addition to current portfolio management, Solutions Table members highlighted that DNR should also pursue potential additional revenue streams, including acquiring new DNR lands for timber harvest, revenue generation, and/or conservation; developing the funding mechanisms to enable land acquisition (including exploration of ecosystem services and carbon funding as well as innovative mechanisms such as green bonds and impact investing); and exploring the possibility of establishing a new trust to get revenue from new lands to areas most affected by conservation obligations.

Initial next steps include:

- Paula Swedeen (Conservation Northwest) and Patricia Jones (Olympia Forest Coalition) will put together some information/maps of the DNR-managed lands not included in the preferred alternative that are their highest priority for additional conservation. This would be in service of understanding the magnitude of interest and informing locations to explore for acquisition of additional land.
- Paula Swedeen and Brian Sims will organize some ideas on funding/financing mechanisms for acquisition such as green bonds, impact investing, purchasing of development rights, and ecosystem service payments. This will be coordinated with ongoing DNR work focused on ecosystem services financing/revenue.

3. Small Forest Landowners

The Solutions Table discussed that small forest landowners own 25% of the WA forest lands and highlighted that some potential opportunities should be pursued to address the specific issues they face. Suggestions to be explored include: avoided conversion, increasing harvest, providing an incentive-based mechanisms for conservation, conducting more outreach and education to raise awareness of the options they have in utilizing their lands to generate more revenues, improving social license to actively manage their lands, and facilitating intergenerational land transfer. Members suggested that a workgroup including small forest landowners could be created to pursue this line of work.

Initial next steps include:

- Determine how to engage small forest landowners in this conversation and who to engage.

4. Management of State and Federal Lands

The Solutions Table discussed that the management of state and federal lands is another area that presents an opportunity to increase both timber volume and generate more jobs. Areas that members recommended to look at included management of DNR lands managed for timber harvest, habitat acceleration, and forest treatments on state lands and on federal lands using the Good Neighbor Agreement (GNA) and shared stewardship agreements, leveraging the revolving funds. One Solutions Table member expressed concerns that there might be different interpretations of state rules between DNR and NGOs particularly as they relate to implementation and evaluation of forest practices when work is carried out on Federal lands under GNA. DNR clarified that GNA work on federal lands is carried out according to federal rules and requirements--not the state Forest Practices Rules--and offered to provide a briefing on the GNA to address these concerns. The Solutions Table provided some thoughts on two specific areas related to state and forest land management:

- **Rotation age:** One member indicated that short rotation ages could reduce the timber volume over time and could have environmental implications, e.g. for water quality and carbon sequestration. Matt Comisky (AFRC) highlighted that rotation ages should be in line with the General Ecological Management (GEMs) lands plan and shorter rotation ages

will have to be site-specific. He urged the Solutions Table to look at options to set rotation age for lands managed for timber harvest in a way that maximizes revenues.

- **Riparian timber volume.** DNR indicated that it is currently looking at riparian and hardwood harvest opportunities under the existing riparian strategy and harvest guidelines. Solutions Table members were supportive of the notion that if riparian volume is counted toward the sustainable harvest target it also should be included in the sustainable harvest calculation.

Initial next steps include:

- DNR will convene a discussion of the paper on state forest land management with a focus on riparian area management and rotation age but also covering other issues in the paper.
- DNR will follow up with Patricia Jones to provide a briefing on GNA. That conversation will be broadened with the other Solutions Table members as needed.
- Paula Swedeen will assemble some ideas about opportunities for forest treatments associated with the work of forest collaboratives.

Other Observations

- Members also discussed how employment could be maintained in the context of increased mechanization and markets evolving from trade/labor to softer skills. The Solutions Table recommended exploring potential opportunities associated with training and apprenticeship programs, and public-private partnerships, and potentially engaging with the Office of the Superintendent of Public Instruction.
- The Solutions Table discussed bringing in other subject matter experts and agreed that subject matter experts that could be consulted on specific work areas to inform ongoing discussions, including participation on workgroups if appropriate, as needed.
- DNR reported that a Revised Draft Environmental Impact Statement for the Marbled Murrelet Long-Term Conservation Strategy is now available. DNR already sent out a notification to the junior taxing districts and invited them to an informational meeting on this topic on June 26, 2019. Note: Following the Solutions Table meeting, DNR shared the invitation letter with the Solutions Table, for reference.

Public Comment

Quilcene School District Superintendent Frank Redmon thanked the Solutions Table for their work and for coming to Quilcene. He highlighted the importance of having key initiatives such as the Solutions Table working on conservation measures while creating revenues and local jobs. He noted that forest land revenues were critical in supporting much-needed school renovations in Quilcene to provide for adequate heating and cooling of classrooms.

Next Meetings

Solutions Table meetings are scheduled for the rest of 2019 as follows: June 19 (Longview), July 31 (Olympia area), September 17 (Olympic Peninsula), October 24 (SW WA), November 14 (Olympia area), December 17 (Olympic Peninsula). A calendar with the 2019 dates has been shared with participants at the meeting. The next Solutions Table meeting is taking place on June 19.